

# Standing Committee on Regional Development, Infrastructure and Transport

## Berrigan Shire Council Response



**BERRIGAN SHIRE**

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## Inquiry into the Sustainability of Local Government

This response considers Terms of Reference provided to the House of Representatives Standing Committee on Regional Development, Infrastructure and Transport regarding the inquiry into the sustainability of local government in Australia. The Terms of Reference focus on:

- the financial sustainability and funding of local government,
- the changing infrastructure and service delivery obligations of local government,
- any structural impediments to security for local government workers and infrastructure and service delivery,
- trends in the attraction and retention of skilled workforce in the local government sector, including impacts on labour hire practices,
- the role of the Australian Government in addressing issues raised in relation to the above and
- other relevant issues.

### [Navigating Financial Sustainability: A Rural Council's Perspective](#)

Financial sustainability is the cornerstone for the effective functioning of local government, particularly in rural areas like that of Berrigan Shire Council in New South Wales (NSW). The financial landscape of rural and remote councils is complex and some of that complexity is explored below including areas such as the impact of demographics, cost shifting, reliance on grant funding, fiscal imbalances and the effects of rate pegging on revenue raising.

#### *Demographics and Financial Sustainability*

Rural councils are inherently influenced by demographic trends unique to their regions. In NSW, rural areas often face challenges such as aging populations, declining youth retention rates and limited workforce opportunities. These demographic factors directly impact the financial sustainability of local government. With a smaller rate based, lower socio-economic demographics, and reduced capacity to manage population growth compared to urban centres, rural and remote councils struggle to generate sufficient revenue to meet the increasing demands for services and infrastructure.

The aging population presents particular challenges as it often requires increased expenditure on aged care services, health facilities and infrastructure modifications to accommodate the needs of older residents. This is further exacerbated by the fact councils are forced to apply discounts to rates for pensioners which is not recoverable from state or federal funding.



At the same time, declining youth retention rates leads to a reduction in the working-age population, limiting potential revenue sources and economic growth opportunities.

Further, population growth, such as is being experienced by Berrigan Shire Council, is in fact a negative sum outcome. Whilst the population of our shire is expected to increase by more than 30% in the coming 10 years, meaning council's rate base will increase by approximately \$1M, it will take an investment of approximately \$50M to provide the required infrastructure, including water utility, sewer utility and stormwater service provision at minimum.

### *Cost Shifting*

Cost shifting from higher levels of government to local councils is a significant challenge that further strains the financial sustainability of rural and remote councils. Berrigan Shire Council has estimated the current cost shifting effect on our total budget to be approximately 15% (or \$5.9M) meaning council must make difficult decisions regarding the services it will continue to provide.

Mandated responsibilities without adequate funding support, legislation requiring council to perform a compliance role, and "gifting" councils significant assets, (such as aerodromes, the delivery of swimming pools as election promises etc) without ongoing and commensurate funding all mean council must do more with less funding. These pressures force councils such as ours to make difficult decisions regarding service provision, infrastructure maintenance and community development initiatives.

Essentially cost shifting means for rural and remote councils, that the community are unable to access the same service levels as their city counterparts.

### *Reliance on Grant Funding*

Rural and remote councils rely heavily on grant funding to finance capital projects and service delivery initiatives. A reduction in cost shifting would reduce significantly councils' reliance on grant funding and this should be considered when building and providing grant funding rounds.

Whilst grants provide essential support, they often also come with stringent criteria and time limited funding periods, creating uncertainty and challenges in long term planning and budgeting. The reliance on grant funding exposes rural and remote councils, to risks associated with funding fluctuations, changes in government priorities, election promises and the competitive grant application processes. Additionally, the administrative burden associated with grant compliance and reporting requirements can divert resources away from core service delivery activities.



### *Fiscal Imbalance*

Vertical and horizontal fiscal imbalances exacerbate the financial challenges faced by rural and remote councils. Vertical fiscal imbalance therefore occurs when the revenue raising capacity of local government is insufficient to meet expenditure responsibilities, leading to a reliance on funding transfers from higher levels of government. Horizontal fiscal imbalance arises from disparities in revenue raising capacity and expenditure needs between different councils, resulting in unequal distribution of grant funding.

Federal vertical fiscal imbalance attempts to be addressed through the Financial Assistance Grants process, redistributing taxation revenue from the federal government to local government. The practice of minimum grants being provided to wealthy councils however increases the horizontal fiscal imbalance felt by rural and regional communities (where urban centres receive higher and better service levels than those available to rural and remote communities).

These imbalances perpetuate inequalities in service provision and infrastructure development, limiting the ability of rural councils to address local priorities and promote community wellbeing.

### *Effect of Rate Pegging on Revenue Raising*

Rate pegging, which limits the ability of councils to increase rates beyond a predetermined percentage, further constrains revenue-raising efforts for rural councils. In the face of rising costs and service demands, rate pegging undermines councils' financial flexibility and capacity to adequately fund essential services and infrastructure. The inability to adjust rates in line with inflation and cost escalations perpetuates fiscal constraints and hampers the ability of rural and remote councils to address emerging challenges and invest in long term sustainability initiatives.

When considering the above it is clear the financial sustainability of rural councils in NSW is shaped by a complex interplay of demographic, policy and fiscal factors. Addressing the challenges associated with these factors requires concerted efforts from all levels of government. It is imperative policies and funding mechanisms are designed to support the unique needs and circumstance of rural and remote communities, ensuring the long term viability and resilience of local government services. As a rural council, Berrigan Shire Council remain committed to advocating for equitable funding arrangements and implementing strategic initiatives to enhance financial sustainability and promote the wellbeing of our community.



## [Adapting to Change: A Rural Council's Perspective on Infrastructure and Service Delivery](#)

In rural and remote Australia, local government plays a vital role in providing essential services and maintaining infrastructure to support the wellbeing and prosperity of our communities. As a rural council, Berrigan Shire Council recognise the evolving nature of infrastructure and service delivery obligations, driven by technological advancements, demographic shifts and changing community needs. The challenges and opportunities faced by rural and remote councils in adapting to these changes, including ensuring the effective delivery of service to our residents, are paramount to their long term sustainability.

### *Technological Advancements*

Technological advancements have revolutionised the way local government delivers services and manages infrastructure. From digital connectivity to smart infrastructure solutions, technology offers opportunities to improve efficiency, enhance service quality and optimise resource allocations. Rural and remote councils however often face challenges accessing and adopting these technologies due to limited resources, infrastructure constraints and digital connectivity and literacy barriers among residents.

The primary issue for most rural and remote councils is access to equitable digital connectivity. In many areas digital connectivity is either incredibly poor or non-existent. This limits the ability of councils to move towards digital solutions without them paying to have the relevant telecommunications infrastructure installed in their areas. Again, this limits councils' abilities to deliver other essential services.

Further, the lack of access to digital connectivity leads to low digital literacy in our communities, meaning rolling out of technology based solutions requires councils to undertake significant education programs with their communities to allow them to access the solution, further diverting council funds away from other service delivery requirements.

### *Demographic Shifts*

Demographic shifts, including aging populations, changing household compositions and urban drift, influence the demand for infrastructure services in rural and remote communities. Ageing populations required increased investment in aged care facilities, healthcare services, accessible transportation options and connected and accessible footpath networks. Meanwhile, changing household compositions, such as the rise of single person households and dual income families, necessitate flexibility in service delivery models and infrastructure planning. Further, urban drift, where people from highly populated city areas move to more rural settings, such as is being experienced by the Berrigan Shire Council, means those new residents have higher expectations of service delivery than has traditionally been



the case. The requirement for high speed internet for example, to allow remote working practices, has increased pressure on council's budget to provide sufficient infrastructure and services to meet the changing service level demands.

Rural and remote councils must adapt to these demographic changes by ensuring the availability of diverse service options, promoting whole of life infrastructure designs and fostering social inclusion initiatives to address the needs of vulnerable population groups.

#### *Community Needs and Expectations*

Rural and remote communities have unique needs and expectations regarding infrastructure and service delivery. While access to basic amenities such as potable water, waste management and road infrastructure management remains a priority, residents also seek amenities that enhance quality of life and promote community cohesion. This includes reliable transportation, recreational facilities, cultural amenities and environmental sustainability initiatives. Rural councils play a critical role in identifying and prioritising community needs, engaging residents in decision making processes and delivering services that align with local aspirations and values.

#### *Environmental Sustainability*

Environmental sustainability is an increasingly important consideration in infrastructure planning and service delivery. Rural and remote councils are facing pressures to reduce carbon emissions, move fleets to alternate energy options, mitigate the impacts of climate change and enhance environmental resilience. Expectations on councils includes investing in renewable energy infrastructure, implementing sustainable waste management practices and adopting green building standards.

Issues rural and remote councils face when trying to implement these initiatives include, insufficient electricity supply to allow electric vehicle charging, increased costs to replace climate change damaged infrastructure (through floods, fires etc) to a better and more resilient standard without commensurate funding and lack of access to appropriately qualified advisors to understand new technologies and the costs of their implementation.

#### *Collaboration and Partnerships*

Collaboration and partnerships play a crucial role in addressing the changing infrastructure and service delivery needs of rural and remote councils. Councils such as Berrigan Shire Council often collaborate with neighbouring councils, government agencies, community organisations and the private sector to leverage resources, share expertise and co-ordinate service delivery efforts. These partnerships enable rural councils to access funding



opportunities, undertake joint infrastructure projects and implement innovative service delivery models that enhance efficiency and effectiveness.

The changing infrastructure and service delivery obligations of local government therefore presents both challenges and opportunities for rural and remote councils. Where technological advancements can be supported by higher levels of government, then responding to those changes, and responding to other matters such as demographic shifts, engaging with community needs and expectations, prioritising environmental sustainability and fostering collaboration becomes more possible. Rural and remote councils would in this way be more able to adapt quickly to change and ensure the continued provision of essential services and infrastructure to their communities. Berrigan Shire Council remains committed to meeting the evolving needs of our community and enhancing the quality of life for all residents.

### [Ensuring Safety and Resilience: Challenges and Solutions for Rural and Remote Councils](#)

As a rural council in NSW, ensuring the safety and security of our workforce and infrastructure is paramount to effective service delivery and community wellbeing. Rural and remote councils however, face unique structural impediments and security challenges that require careful consideration and proactive solutions.

#### *Structural Impediments to Security*

Rural and remote councils encounter various structural impediments that hinder efforts to ensure the safety and security of local government workers and infrastructure. Limited resources, access to adequate training, and regulatory constraints are among the primary challenges faced by rural councils. With smaller budgets and fewer staff compared to their urban counterparts, rural councils often struggle to allocate sufficient resources to address security concerns effectively. Training staff to fulfil their roles includes increased costs of travel and accommodation not required by those in more urban centres. Additionally, the remote and dispersed nature of rural communities can present logistical challenges in coordinating emergency response efforts and accessing support services.

#### *Security for Local Government Workers*

Local government workers play a vital role in delivering essential services to rural communities, often facing risks associated with their work environments. From frontline staff in public works, to assisting with emergency response, to administrative personnel in council offices, ensuring the safety and wellbeing of employees is a top priority for rural councils. Limited training opportunities and lack of specialised resources can impede councils' ability to adequately prepare and support their workforce in managing security risks.



### *Security of Infrastructure and Service Delivery*

Infrastructure security is another critical concern for rural councils, particularly in the context of maintaining essential services such as water supply, waste management facilities and freight transportation networks. Vulnerabilities in infrastructure systems can arise from natural disasters, technological failures and human induced threats, posing risks to public safety and service continuity. Rural councils must invest in risk assessment and mitigation strategies, infrastructure resilience measures and emergency response protocols to safeguard critical assets and ensure uninterrupted service delivery to their communities.

### *Community Engagement and Collaboration*

Community engagement and collaboration are essential components of effective security management for rural and remote councils. By fostering strong relationships with residents, community organisations, emergency services and neighbouring councils, rural and remote councils enhance information sharing, and co-ordinated response efforts. Engaging with community also builds trust, resilience and a sense of ownerships in security initiatives, empowering residents to play an active role in safeguarding their neighbourhoods and supporting local government efforts.

### *Training and Capacity Building*

Investing in training and capacity building is crucial for building a skilled and resilient workforce capable of addressing security challenges effectively. Rural and remote councils should provide ongoing training opportunities for staff, including emergency response training, conflict resolution skills and awareness programs on cybersecurity and workplace safety.

It is often difficult to access these types of courses in rural and remote areas other than through online platforms. As previously discussed, online platforms do not always offer a practical learning solution due to lack of reliable and equitable access to digital connectivity. Travelling to face to face training, where it is available, can also be cost prohibitive for rural and remote councils.

Investment in support infrastructure and services to provide adequate training opportunities in rural and remote centres is therefore an opportunity for consideration, including creating education hubs closer to rural and remote communities will address many of the barriers currently faced.

Structural impediments and security challenges therefore pose significant risks to rural and remote councils in Australia. By addressing these challenges through strategic investments





in resources, training, community engagement and collaboration technologies, rural and remote councils can enhance the safety and resilience of their communities.

### [Navigating Workforce Challenges: Trends in Attraction and Retention of Skilled Workers in Rural and Remote Local Government Areas](#)

The attraction and retention of skilled workers are critical for the effective functioning of local government in Australia. Rural councils face unique challenges in competing for talent with larger urban centres, other levels of government and the private sector.

#### *Trends in the Attraction of Skilled Workforce*

Rural and remote councils in Australia are experiencing trends in the attraction of skilled workers that reflect broader demographic and economic shifts. While some individuals are drawn to the rural lifestyle, others may be deterred by factors such as limited career advancement opportunities, perceived isolation, and concerns about access to amenities and services such as healthcare. Additionally, rural councils often struggle to offer competitive salaries and benefits compared to urban counterparts, making it challenging to attract skilled professionals in fields such as engineering, planning, and finance. Increasingly rural and remote councils are having to consider offering market payments to meet the salary expectations for candidates that are outside the relevant Award provisions of each jurisdiction.

#### *Trends in the Retention of Skilled Workforce*

Retention of skilled workers presents a significant challenge for rural and remote councils, particularly considering competition from larger urban centres, other levels of government and the private sector. Factors such as limited career advancement opportunities, professional development resources and social amenities can contribute to turnover rates among skilled workers in rural and remote local government. Additionally, the transient nature of some roles, such as those linked to specific grant funding or project based positions or temporary contracts, further exacerbate retention challenges, leading to gaps in institutional knowledge and service continuity.

#### *Strategies for Attraction and Retention*

To address the challenges of attraction and retention of skilled workers, rural and remote councils must implement proactive strategies to enhance workplace culture, career development opportunities, and work-life balance. Investing in employee training and professional development programs can attract skilled professionals seeking opportunities for growth and advancement but conversely may have a detrimental effect on service delivery, with funds being diverted to retain staff. Flexible work arrangements, such as



telecommuting options and compressed workweeks, can accommodate diverse lifestyles and preferences, making rural and regional employment more appealing to skilled workers. Understanding the digital connectivity restrictions in this area are important to understanding what flexible working arrangements can look like for candidates. Moreover, fostering a supportive and inclusive workplace culture that values diversity, innovation, and employee wellbeing is essential for retaining skilled professionals in the long term.

Berrigan Shire Council has been working closely with Edward River and Murray River Councils to achieve the establishment of Country Universities Centres in Deniliquin, Finley and Moama. Our application for funding for these Southern Riverina Country Universities Centres was unsuccessful in the first round of funding offers from the Regional Universities Hub grant round. This initiative will be essential to our local governments being able to attract and retain qualified staff. Support from the federal government in this area is imperative to ensure we can offer the solution of “growing our own” qualified employees. Our communities have clearly stated this is an important service they expect for their children and families.

Attracting and retaining skilled workers is essential for the sustainability and effectiveness of local government service delivery. By understanding and addressing the trends, challenges and impacts of successful attraction and retention, rural and remote councils can create environments where skilled professionals thrive and contribute to the prosperity of their communities.

### [The Crucial Role of the Australian Government in Strengthening Local Government](#)

Local government plays a pivotal role in the development and maintenance of communities across Australia. Rural and remote councils face numerous challenges in ensuring their financial sustainability, maintaining infrastructure, securing their workforce, and delivering essential services. The Australian Government has a significant role to play in supporting rural and remote councils in addressing these issues.

#### *Financial Sustainability*

Financial sustainability is fundamental for the effective functioning of local government. Rural and remote councils often struggle with limited revenue sources, increasing service demands, and inadequate funding allocations. The Australian Government can support rural councils by providing equitable funding arrangements, addressing cost-shifting practices, and offering financial assistance programs tailored to the unique needs of rural communities. Additionally, the Australian Government can facilitate partnerships between rural and remote councils and other stakeholders to leverage resources and maximise efficiency in service delivery.



### *Infrastructure and Service Delivery*

Maintaining infrastructure and delivering essential services are key responsibilities of local government. Rural and remote councils face challenges such as ageing infrastructure, limited resources, and changing community needs. The Australian Government can assist rural councils by providing funding for infrastructure projects, supporting regional development initiatives, and investing in critical infrastructure such as roads, bridges, and water utility systems. Furthermore, the Australian Government can facilitate knowledge-sharing and capacity building initiatives to help rural councils adopt best practices in service delivery and infrastructure management.

### *Workforce Attraction and Retention*

Attracting and retaining a skilled workforce is essential for the sustainability of local government. Rural councils often struggle to compete with larger urban centres, other levels of government and the private sector in attracting talent. The Australian Government can support rural councils by offering incentives for skilled workers to relocate to rural areas, funding training and professional development programs and promoting infrastructure investment to support flexible work arrangements. Additionally, the Australian Government can collaborate with rural and remote councils to address barriers to workforce attraction and retention, such as housing affordability, access to childcare, career advancement opportunities and increased access to regional university study hubs.

### *Structural Impediments to Security*

Ensuring the safety and security of local government workers and infrastructure is critical for effective service delivery. Rural and remote councils face structural impediments such as limited resources, inadequate training, and regulatory constraints. The Australian Government can assist rural councils by providing funding for security infrastructure and training programs, enhancing co-ordination between local councils and emergency services, and advocating for regulatory reforms to address security challenges. Additionally, the Australian Government can support initiatives to improve community safety and resilience, such as disaster preparedness and response initiatives.

As shown above, the Australian Government has a vital role to play in supporting rural councils in addressing the challenges of financial sustainability, infrastructure and service delivery, workforce attraction and retention, and security. By providing funding, resources, and policy support tailored to the needs of rural communities, the Australian Government can help rural and remote councils overcome these challenges and ensure the prosperity and wellbeing of rural and remote Australians. Collaboration between all levels of government,



as well as with community stakeholders, is essential for addressing the complex issues facing rural councils and building stronger, more resilient communities across Australia.

### Conclusion

The above submission has considered the multifaceted challenges and opportunities faced by rural and remote councils in Australia. From the perspective of a rural Council, Berrigan Shire Council has provided its perspective regarding topics related to the terms of reference provided.

It is evident the role of the Australian Government is crucial in addressing these challenges and supporting the sustainability of local government particularly in rural and remote areas. By providing equitable funding arrangements, investing in critical infrastructure projects, offering incentives for skilled workforce attraction and retention, and facilitating collaboration between stakeholders, the Australian Government can empower rural councils to overcome obstacles and thrive so that they may provide equitable services to their communities.

Effective collaboration and co-ordination between all levels of government, as well as with community stakeholders, are essential for addressing the complex issues facing rural and remote local governments and building stronger, more resilient communities. By recognising the unique needs and circumstances of rural areas and implementing targeted policies and initiatives, we can ensure the prosperity and wellbeing of rural Australians now and in the future.



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